

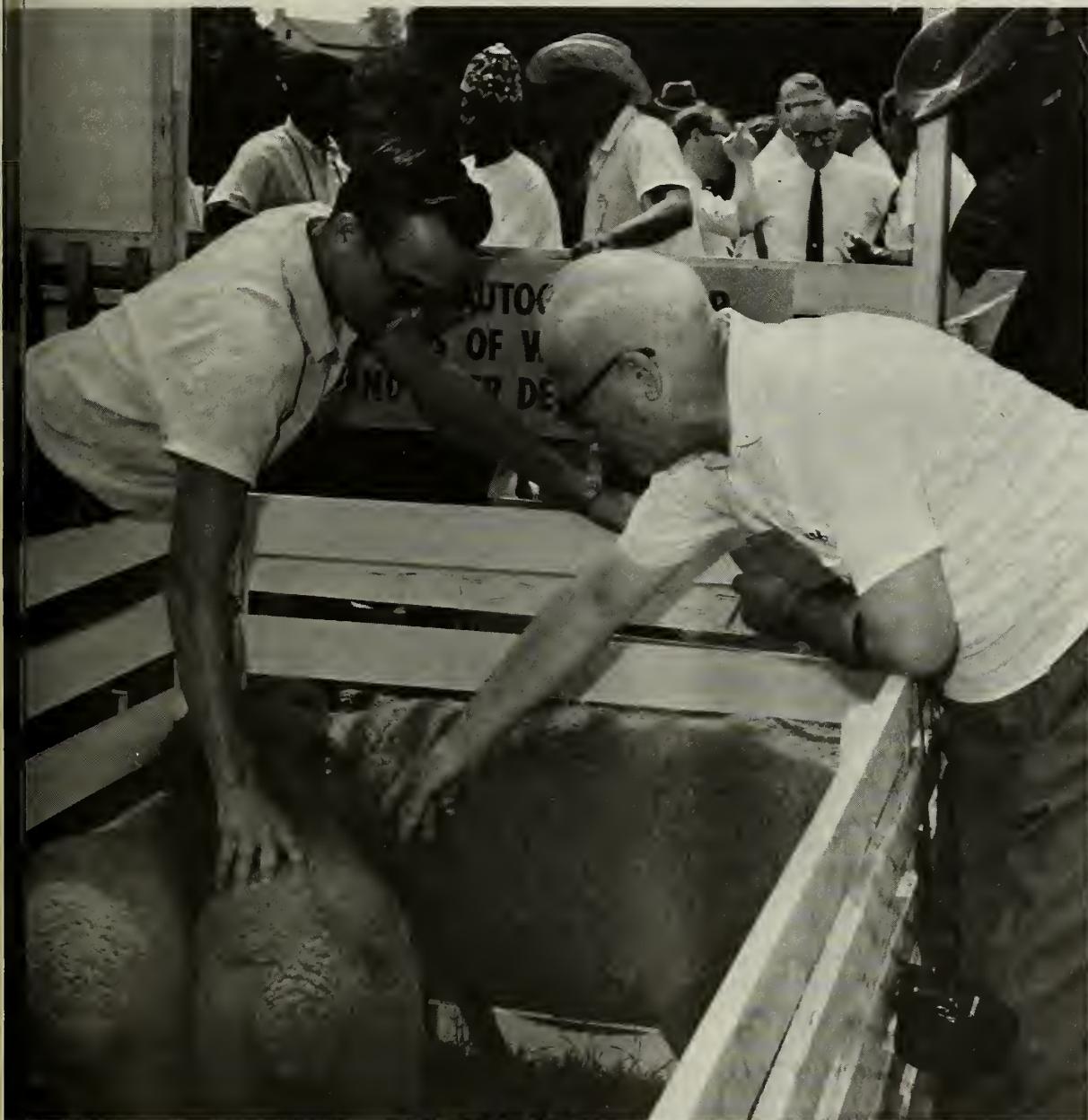
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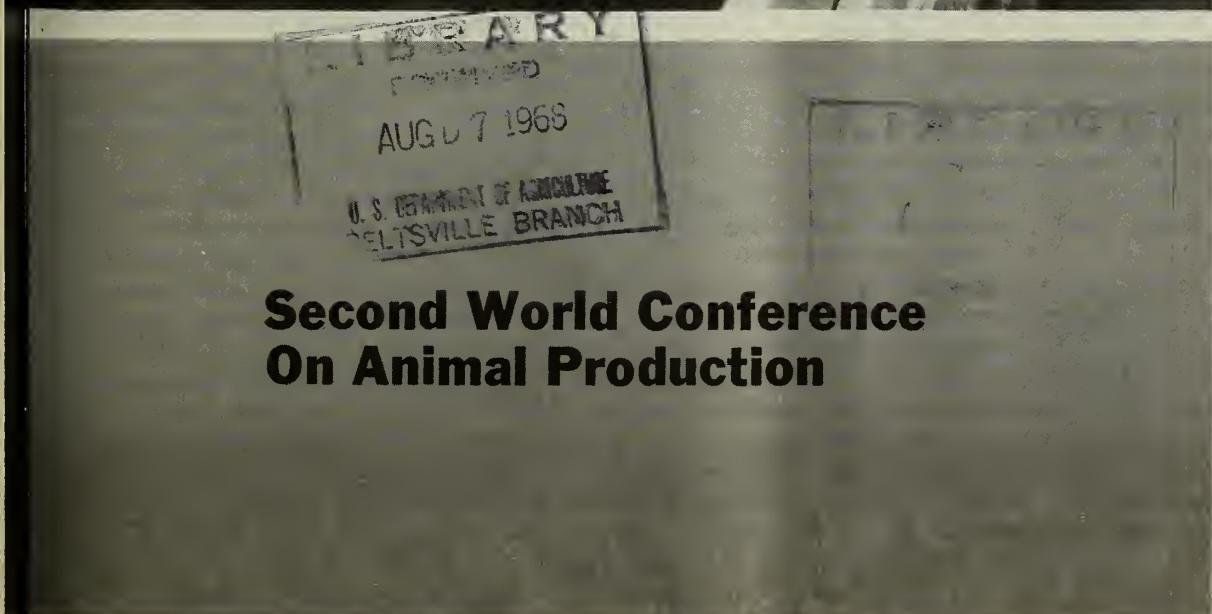


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FOREIGN AGRICULTURE



August 5, 1968



Second World Conference On Animal Production

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This week's cover:

At the outdoor exhibit in Beltsville, Md., a featured part of the Second World Conference on Animal Production, host husbandryman, at left, explains how skin autograft on center sheep (dark spot) helps studies on wool follicle and fiber development. Conference stories begin this page.

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The Conference

Last month nearly 600 top scientists from 60 countries on six continents converged on the University of Maryland at College Park to explore in depth the role of animal science in meeting world food needs.

The occasion was the Second World Conference on Animal Production, which was sponsored by the World Association for Animal Production and organized by two of its member societies—the American Society of Animal Science and the American Dairy Foundation—and the U.S. Department of Agriculture, in cooperation with the University of Maryland. Primary objective of WAAP is to promote such world conferences on animal production to foster interchange of knowledge and discussion of problems and ideas for their solution on a cooperative international basis.

Chief subject examined at the weeklong conference was the potential of animal production in land-poor and developing nations. The conference program consisted of eight general sessions featuring more than 30 invited speakers, concurrent sessions at which over 200 contributed papers reporting recent findings were presented by delegates from more than 50 countries, and a half-day visit to an exhibit of selected research projects of USDA's Animal Husbandry Research Division at the USDA Agricultural Research Center, Beltsville, Maryland.

Secretary of Agriculture Orville L. Freeman welcomed the delegates at the opening ceremony (see opposite page). Dr. George L. Mehren, Executive Director, Agribusiness Council, Inc., delivered the keynote address.

Invited speakers at the general sessions discussed five main aspects of world animal production: use of animals in producing foods; use of land and crop resources in animal production; gaps in knowledge on animal production and approaches to solutions; increasing the role of milk and milk products in meeting world food needs; and educational challenges in animal production. The contributed papers reported findings that further the aims outlined by the invited speakers.

As announced at the closing conference session, the Third World Conference on Animal Production is scheduled to be held at Canberra, Australia, in 1973.

In addition to the two U.S. associations named above, WAAP membership includes the animal production societies or associations of Australia, Canada, Europe, Japan, Latin America, New Zealand, Philippines, and South Africa.



Freeman Urges Animal Research

In his welcoming remarks, Secretary Freeman cited the need for animal agricultures in hungry nations and asked science to help.

You are meeting at a most auspicious time. I have just returned to the United States from a weeklong Asian tour on which protein production—and the means to achieve it—was uppermost in the discussions I held with both Vietnamese and Philippine government and agricultural leaders. I would like very much to share a few of the thoughts I gleaned on this trip with you today.

Protein deficiency is today one of the world's most serious health problems. As the Department's Dr. Aaron Altschul pointed out recently, ". . . 50 percent of the world's children do not receive adequate protein. The high death rate of preschool children, often 50 times ours (in the developing world), can be attributed in large measure to protein malnutrition and hence to poor resistance to infection and disease."

Dr. Altschul continues to say that death is only one visible consequence of protein malnutrition. There is also accumulating evidence of permanent mental and physical disability, retarded brain growth, for example, because of protein deficiency in the first few years of life. This is a "pernicious cycle," Dr. Altschul says, wherein "people are too poor to eat well, so they develop poorly. Unable to achieve, they get poorer."

With this situation extant, it is ironic that much of the world's livestock population, which numbers at least twice that of the human race, also suffers from malnutrition and disease, when, if properly managed, the available numbers could go far toward easing the protein gap in the developing world.

And it is doubly ironic that with all the attention focused on world hunger in recent years, some world food planners have tended to discount the contribution that animals can make to the world food supply.

There are many reasons for this, but one is that persons without your expertise tend to believe that increases in animal production can be made only by diverting to animals food-stuffs that otherwise would be eaten directly by people. The truth of the matter is, as you know, livestock can consume many foods that cannot be eaten by man—forage, wastes, and byproducts like the bran that comprises roughly 10 percent, by weight, of paddy rice.

Hence, I think your conference this week is timely and extremely important and can make a valuable contribution toward solving some of the problems I observed last week in the Far East.

Agricultural revolution in Asia

I am concerned about these problems, yet I am also heartened at some of the new developments I saw in the Philippine barrios and Vietnamese hamlets, where what amounts to an

agricultural revolution is now taking place.

It is quiet revolution, with none of the drama and high visibility of the violent revolutions taking place elsewhere in the world. It is little reported in the press, and less understood by the general public. Yet future historians may well mark it as the most significant event of our decade, one of those fundamental division points in the life of mankind that decisively separates one era from another.

I saw the genesis of this revolution in Vietnam last week, in a 4-day trip to the Delta and other agricultural areas, these north of Saigon.

"Miracle" rice in Vietnam

Its first thrust has been in food grains. The new IR-8 and IR-5 "miracle" rice strains, developed in the Philippines at the International Rice Research Institute, reached Vietnam last year. Following the Philippine example, the Government of Vietnam, helped by the United States Agency for International Development, prepared and distributed some 10,000 "miracle rice" kits, complete with seed, fertilizer, pesticides, and instructions for use.

Each was sufficient to plant and fertilize a one-tenth-hectare demonstration plot. On-the-ground help was provided by South Vietnamese extension agents, USDA and AID agriculturists.

Now this IR-8 is in commercial production in Vietnam. Its yield per hectare is double—sometimes greater—than that of traditional strains. It matures in 120 days, rather than the 180 days required by local varieties, which means that the same hectareage can be double or even triple cropped in some areas.

Some 37,000 hectares of IR-8 are to be planted in Vietnam this year, about 2 percent of the rice hectareage. Next year, if the farmers I talked to are indicative of the general farm population, the target of 200,000 hectares will be planted. Our agricultural advisors tell me that the new seed is so popular that some farmers are getting over 40 piasters per kilo for their IR-8 seed rice, compared to a third of that price for food rice. So Vietnam may well be rice self-sufficient in a few years.

Greater yields have generated greater income. With this added income, Vietnamese farmers are investing in small irrigation pumps, motor bikes, and more fertilizer. They're going in for custom land-leveling so that they can irrigate, and even custom plowing of their land by tractors; in short, trading subsistence farming for the early stages of commercial farming. In the process, they are generating a demand for the products of industry, and we're witnessing the first stages of what could become an economic boom.

This is what's happening now. The portents for greater animal protein production are just as great. Experiments in the Philippines show that with specially developed grain sorghums suitable for the tropics, one 6-ton crop of IR-8 can be grown per hectare, then three cuttings of grain sorghum, yielding 6, 5½, and another 6 tons each, can be grown on the same hectareage in 1 year, providing hope for the development of feedgrain livestock production much as we have in our Midwest.

New sorghums for feed

Tests in Vietnam of some 30 varieties of grain sorghum have identified seven that show special promise for high yields there. Some of these strains have yielded 4 to 6 tons of grain per hectare. Their tolerance to variable water availability makes them particularly attractive, since they can be combined with IR-8 as a second crop.

Other possibilities are soybeans and sweet potatoes. At the International Rice Research Institute test plots are yielding 20 to 25 tons of potatoes and another 25 tons of forage per hectare. If these experiments hold up in practice, they could provide a substantial amount of swine food.

With forage production as efficient as this, the old rule that the tropics cannot afford animal protein may be repealed. I don't mean to be overly optimistic. Mammoth problems remain; drying facilities to handle the new rice crops; transportation and storage capable of handling the larger yields; the whole problem of animal disease, barely touched in many developing nations.

But the beginnings are impressive, and the future can be even more so. Right now chickens in Vietnam are selling for \$1 a pound, liveweight; and hogs for 40 cents. I talked with advisors at one refugee camp where families raising 300 chickens or so are making \$80 a month—twice the income of laborers in the cities.

If a steady supply of feedgrains and forage can be developed, and if the animal disease problem can be overcome, livestock production could make a valuable contribution to better nutrition in Vietnam and in the process go far toward winning the allegiance of the South Vietnamese farmers.

They comprise about 65 percent of the total population—a percentage of the population similar to that of many, if not most, developing nations.

But as you, who are so intimately involved with the problem of protein production know, mere availability of feed, important as it is, is only the first step in a long and complicated chain that turns feed into animal protein for hungry bellies. Another problem the animal scientist faces is one of production efficiency, a problem all the more challenging now that major breakthroughs in forage production appear likely in tropical agriculture.

Here in the United States, we've had considerable success in improving the rates at which our animals convert feed to food. In broilers, to name one outstanding example, growers are getting a pound of chicken from every 2 pounds of feed. Per-animal production of milk, eggs, beef, and pork is also increasing steadily.

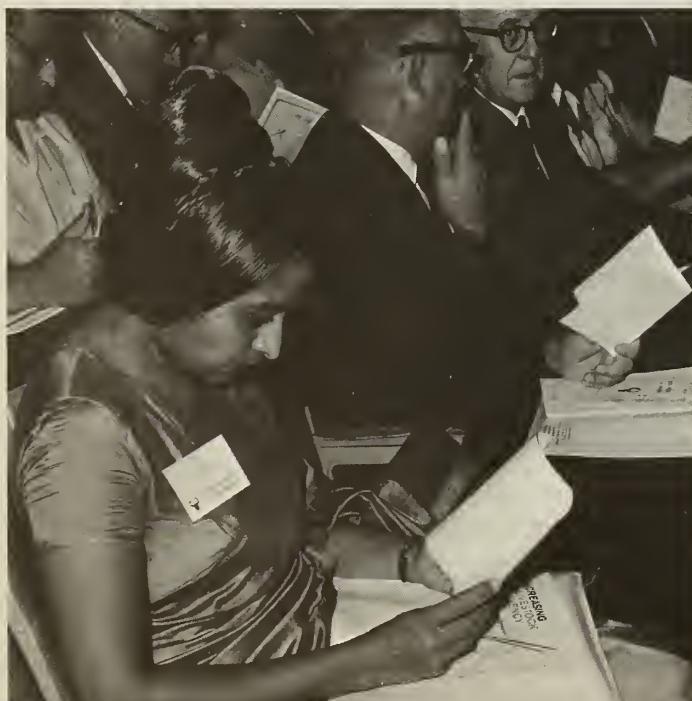
This is not the case in all countries of the world, and certainly not in all of the under-developed countries. In some countries, efficient animal production may have to await improvement in local economies and upgrading of the agricultural establishment in general. But in others as the revolution in tropical agriculture moves forward the opportunities to expand livestock production are exciting.

Scientists asked to help

Certainly we should begin now the research that could form the basis for animal agriculture in these countries. Different species and breeds can be screened for their adaptability to various regions, and locally available herbage can be analyzed to determine its potential as animal feed. Many poor nations possess land that would be more than adequate for livestock production; they lack only the know-how to use it efficiently.

The hungry man, so long neglected, has at least been recognized as worthy of our most concerted effort. In the final accounting, it is we who will wind up in debt to him. Because when we pool our efforts to increase food production, we pave the way for a unified attack on other world problems whose ultimate solution contain, most literally, the seeds of world peace.

Left, representative from India and other delegates heard opening-day speeches by top international livestock specialists and Secretary Orville L. Freeman (see article above). Below, exhibit at Beltsville included dairy cross-breeds, with bloodlines explained on charts behind them.





Animal husbandry specialist at the Beltsville, Md., Agricultural Research Center (in hat) stands behind ultrasonic Doppler equipment. A microphone held to the pregnant ewe in the foreground picks up the sound of lamb fetus' blood flow and heartbeat. Device is used to detect pregnancy in sheep at earliest possible date. Plastic shoe covers are a precaution against the spread of animal diseases by the widely traveled specialists.

Delegates See American Research At Work

Right, far and away a favorite booth at the Beltsville Research Center exhibit, where temperatures hit the mid-90's. Delegates were given free samples of animal product foods—ice cream bars and milk. Below, Nigerian conferee looks over White Leghorn rooster, control stock used for breeding.



Through research—

New Ways To Develop and Use Livestock

More than 200 scientists, veterinarians, and livestock specialists from about 50 nations at the Second World Conference on Animal Production last month shared with other delegates their latest findings on the breeding, development, and use of livestock. Their talks reflected both personal and institutional research on how to bring animal products more efficiently and abundantly into human consumption.

Excerpts from some of the speeches appear below; complete texts may be available from authors.

Adapting Livestock to Arid Regions

Arid land offers valuable potential for increased livestock production, since the 35 percent of the earth's surface that is arid supports only 13 percent of the world's population. Livestock must be hardy and acclimatized to conditions like great heat, poor feed, and inadequate salty water to produce well in arid zones, however.

Introduced breeds generally fail to bring the results expected. For instance, the first cross of British beef cattle with native [African] cattle produces offspring superior in growth and conformation to the local cattle. But further use of introduced bulls on crossbred cows results in progressive degeneration.

More production results are achieved by purposeful selection of indigenous animals. New breeds of animals developed for tropical and subtropical climates also have been successful. For example, combining Dorset Horn sheep with Black Persians has been particularly effective in the arid and semi-arid areas of Southern Africa.

—DR. W. A. VERBEEK

*Department of Technical Services
Pretoria, South Africa*

Crossbred Guernsey-Zebus in Tropics

Average milk production of Guernsey-Zebu crossbred cows was slightly higher than that of purebred Guernseys on the same management and feeding during 13 years of experiments in Brazil.

Field observations carried out many years ago indicated that the high-butterfat breeds like Guernsey and Jersey produce more milk than other dairy breeds in tropical areas.

Under tropical conditions, the crossbred cows averaged a calf every 14½ months. This calving interval is close to that of Guernseys and much shorter than that of Zebus. Crossbred cows also required less services per conception per live calf than Zebu cows.

—DR. ARISTEU M. PEIXOTO

*Luiz de Queiroz School of Agriculture
Brazil*

Dry-Season Cattle Management

Loss in cattle productivity during the dry season in the tropics can be offset by simple feed supplements, or by restricted slaughter and breeding.

In Central Africa, for example, there is a rainy season of

3 to 7 months when forage is abundant for good cattle performance. The rest of the year is dry, and range forage is scarce and of poor quality. Slaughter weight of cattle normally drops about 20 percent, and fertility of brood cows diminishes if they are left at the mercy of natural conditions.

A relatively small feed supplement (about 1 fodder unit and 125 grams of crude protein daily) could be made up from products available locally in Central Africa. As a result of this modest supplement, beef cattle on test gained 15 percent per year instead of 3 percent; and milk cows doubled their usual yearly production.

—DR. R. DUMAS and DR. R. RIVIERE

*Tropical Research Institute
Maisons-Alfort, France*

Cattle Resist Tsetse-Borne Disease

Baoule cattle are resistant to trypanosomiasis, a disease related to sleeping sickness, making the breed one of the best to stock the vast savannahs of Central Africa.

The Central African savannahs were free of cattle 40 years ago, owing chiefly to the existence of the disease-carrying tsetse flies. To overcome this disease menace, three approaches are possible: frequent treatment of cattle with preventive medicine, elimination of the tsetse fly, and breeding resistant cattle. The third alternative is the only practical one for building up a cattle industry on the inhospitable savannahs, which spread over 90 percent of Central Africa. Based on our evaluation of 14 years of experience with the breed, we found that the Baoule is best adapted to the ecological and human conditions of Central Africa.

—DR. P. C. CAPITAIN

*Tropical Research Institute
Maisons-Alfort, France*

Dairy Training in East Africa

An essential component of dairy development in Kenya and neighboring countries has been the Naivasha Dairy Training School that prepares students to man milk collection centers in rural areas. Dairying is one of the prime methods for fighting malnutrition in East Africa.

Core of the program at Naivasha is the Rural Dairy Managers Course, which between 1963 and 1967 has trained 146 managers from Kenya, Uganda, and Tanzania. These students learn the processes of milk reception, quantity and quality recording, cooling, separation, cheese and butter making, shipping, sanitation, and bookkeeping.

When the school opened in 1963 there were only 15 rural milk collection centers in Kenya. Today there are nearly 250 such establishments. Milk production in rural areas has risen from 2½ million gallons to about 9½ million.

Land for the Dairy Training School was donated by the Kenya Government.

—G. WAPULA BUTEYO

*Naivasha Dairy Training School
Kenya*

Converters of Low-Grade Feed

Water buffaloes are perhaps better converters of feed of low nutritive value than Zebu cattle. Buffaloes consume some varieties of low-grade feed that Zebras leave alone.

Comparative assessment of rumen microbial activity and saliva physiology of the two species of ruminants were carried out, and the chemical properties of the buffalo saliva did not differ from that of the cattle.

We observed, however, that the ruminal microbes are more plentiful in buffalo, particularly those microbes that are involved in protein synthesis. It is a larger number of protein synthesizing microbes that made the buffaloes more efficient converters of low-grade feed.

—DR. H. C. PANT
*U.S. College of Veterinary Science and Animal Husbandry
Mathura, India*

Brown-Swiss-Sahiwals in India

Introducing 50-percent American Brown Swiss blood into Sahiwal Zebu cattle would help improve productivity in tropical areas. Crossbreds can digest native feed better than purebred Sahiwal, even though they reduce feed intake under heat stress.

Field studies indicated that crossbreds about 18 months old have an upper critical temperature of around 90° F as against around 100° F for purebred Sahiwal.

Although Brown-Swiss-Sahiwal crosses do not have as efficient a heat dissipating mechanism as purebred Sahiwal Zebus, the crossbreds can adjust to the tropics and overcome short-term summer setbacks.

—DR. MANMOHAN N. RAZDAN
*National Dairy Research Institute
Karnal, India*

Selecting, Crossbreeding Cattle

Research in two African nations showed that both selection and crossbreeding can help upgrade local cattle production.

Zebu cows in Cameroon crossed with American Brahmans from Texas had calves 20 percent more productive than usual. This improvement over straightbred Zebus was due largely to an increase in the growth rate and size of the crossbreds.

Senegal Fulani cattle were used for the selection trials which got underway in 1963. Without reducing hardiness of the breed, steers produced were heavier and cows had higher milk production and more regular and frequent calvings.

—DR. R. DUMAS and DR. J. P. DENIS
*Tropical Research Institute
Maisons-Alfort, France*

Desalinating Water for Animals

Desalination is now a practical aid to animal production throughout many areas of the world. Costs of desalting average brackish waters even in small farm-size units are only one-fifth of a penny per day for the amount consumed by a hog.

Electrodialysis is the most widely used commercial process on the brackish waters which are found inland on animal ranges. Through this mechanism water is divided into two

streams—one desalinated, one more salty. There is no increase in pollution and no change in ionic composition. Since the amount of salts removed can be controlled, waters can be desalinated economically to the level needed by the animal being raised. Salt tolerance varies between animals, sheep being more tolerant than cattle and cattle more than hogs.

—EDWARD M. GUILD
Ionics, Incorporated, United States

Grazing Cattle in Tall Fescue

Ranchers in Argentina are better off allowing cattle to graze tall fescue throughout the growing season rather than harvesting it by machine and feeding it to cattle on feedlots.

After 3 years of testing we found that the carrying capacity of our pure fescue stands was 50 percent higher when we let calves graze than when we hauled the feed to them. In the tests calves about 10 months old were fed for 8 months on tall fescue supplied by the two management methods.

In the humid regions of Argentina, tall fescue is commonly mixed with alfalfa and is sometimes alternated with seed crops in the fall and winter. But there is too little grass growth during the winter to be able to harvest it mechanically.

In general, beef production is high during fall and early spring and low during winter and mid-to-late spring. The variation in beef production with seasons was not nearly as noticeable when calves grazed fescue directly compared to those fed harvested grass.

—DR. JOSE MADDALONI
*INTA Experiment Station
Pergamino, Argentina*

Butterfat Basically a Safe Food

If you don't overeat, take plenty of exercise, and avoid tension, butterfat in your diet will do no harm.

For the last decade or so butterfat has come to be regarded by some people as one of the chief causes of arteriosclerosis and thrombosis in the middle-aged and elderly. Studies have shown, however, that there is no correlation whatever between death from coronary heart disease and the amount of butter eaten. Clearly, when butterfat is used wisely to augment the already sparse diet of people in undernourished countries it will have no ill effect. It will, in fact, be most beneficial.

—DR. J. A. B. SMITH
*Hannah Dairy Research Institute
Ayr, Scotland*

Preference in Meat Preservation

Available means of preservation strongly influence meat consumption. In more primitive societies, meat has been salted or dried to preserve it. These traditional methods are now being replaced by air or vacuum drying, smoking, pickling, chilling, deep freezing, and extracting and condensing the water solubles of meat. New techniques, such as freeze drying and irradiation, show promise for the future.

Each new process creates its own problems, however. It usually generates trade or consumer resistance, often accompanied by a fearful prognostication of the effect on sales and health.

—DR. M. H. FRENCH
Animal Production Branch, FAO

Animal Production in World Agriculture

Forces at work today to favor or to challenge the role of animal production in meeting world food needs were summed up by the first two speakers on the technical program of the Second World Conference on Animal Production.

Dr. Ralph M. Phillips, Director of USDA's International Organizations Staff, examined the elements favoring further development of animal production. Dr. F. H. W. Morley, of the Commonwealth Scientific and Industrial Research Organization Division of Plant Industry, Canberra, Australia, looked into the challenging aspects.

The plus forces

Dr. Phillips grouped the conditions favoring animal production into six categories, according to whether they relate to: requirements of a rapidly expanding human population; merits or special qualities of animal products; need for animals as a source of power; role of animals in maintaining soil fertility and in soil and water conservation; flexibility of animals as transformers of feed into food and other useful products; and economic, social, and institutional forces that favor greater utilization of animal products and the practice of animal husbandry.

"These factors," said Dr. Phillips, "coupled with man's inherent ingenuity in meeting his needs, may make it possible for animals to sustain and hopefully to enhance their presently important role in world agriculture."

One of the most important and least understood of these categories, said Dr. Phillips, is that centering on the remarkable versatility as physiological machines of the relatively few types of animals man has evolved for his use.

Speaking of the argument that animals tend to compete directly with man for feedstuffs, or that they use land where crops directly consumable by man could be grown, he pointed out: "This is true to a considerable degree, particularly for nonruminants. On the other hand, there are many circumstances wherein animals utilize feed that cannot be utilized directly by man.

"Of the total land areas recorded by FAO within national boundaries, only about 10.6 percent is arable or in tree crops, while about 21.3 and 29.9 percent, respectively, are in permanent meadows and pastures or are classified as forested land. Although some of this grass-covered and forested land will be converted into cropland, for the foreseeable future the only practical way of harvesting human food from most of the grassland and such portions of the forested lands as are suitable for grazing is through livestock.

"Arable land also produces roughage, either as a necessary adjunct to the production of food for direct human consumption, or in the form of legumes or other forage crops used in crop rotations. Also, there are byproducts from the processing of fish, and from the processing of animals themselves, which are in turn used as animal feeds. Then, there are the nonprotein sources of nitrogen. All these are resources which can be turned into high-quality-protein foodstuffs only with the help of animals."

The economic, social, and institutional elements that favor an increase in animal production mentioned by Dr. Phillips

include rising economic levels, rising levels of education, and the contribution of livestock to trade. Speaking of economic levels, Dr. Phillips said, "It is now generally recognized that, up to a point of saturation of demand, people buy more high-quality food products and particularly animal products as levels of income increase."

The challenges

Two major challenges to animal production discussed by Dr. Morley of Australia are the cost of satisfying man's protein needs from animals and the limit to world resources.

Speaking of cost, "Of the products from domestic animals, only nonfat dry milk provides protein at a cost which is comparable with that from plant sources, or micro-organisms. Even this is, in this context, a highly dubious evaluation because much of the cost of production has been met from butter production. The protein in cereal flour is cheaper than that in meat and eggs.

"Of course, that is not the full story. In general, the array of amino acids in animal production is more closely attuned to the needs of human diets than that in plant proteins. But many plant proteins are fairly satisfactory in this respect, and man can get along quite nicely without animal protein. As Brewen stated, 'At the same time I think we must dispose of the shibboleth that animal proteins are essential. Our current knowledge of vitamin, mineral, and amino acid nutrition and the possibility of supplementation has rendered archaic any distinction between animal and vegetable proteins.' This may be an oversimplified viewpoint since animal protein comes in forms which are so attractive, but it is a formidable challenge."

Speaking of the allocation of limited resources among the many competing activities in any economy, Dr. Morley described three broad situations that challenge such allocation in the world today. "First, regions such as Europe, North America, and Australasia are well fed, although some individuals may, for a variety of reasons, suffer some form of malnutrition. The challenges to animal science in such regions are essentially concerned with farm incomes, or with export incomes. Animals produce some of the calories and proteins in human diets, but there is no call to increase, or decrease, these proportions.

"Second, in regions such as India and Pakistan, the diets of substantial portions of the populations are deficient in both energy and protein. The technology to increase food production is available but, for a variety of reasons it often is not, or cannot be, put to work. In particular, farm incomes are so low that farmers cannot spend much on inputs such as fertilizers. As farmers in all countries know only too well, it is difficult to build productivity when incomes provide little beyond the real needs of the farm family.

"Between these situations there are countries, and regions, in which substantial proportions of people suffer from some malnutrition some of the time. In such a country industrial technology may be primitive, and resources may not be sufficient to enable the economy to advance at a desirable pace. Pressure on some land may be severe, but the land may not be producing nearly as much as it could."

Farm Policies in Europe and the USSR

By G. STANLEY BROWN
Foreign Regional Analysis Division
Economic Research Service

Agricultural policies in Europe and the Soviet Union have changed significantly during the 1960's. In Western Europe the major forces of change have been economic integration, rapid economic and technological growth, and shifts in the demands of both domestic and foreign markets. In the Soviet Union and Eastern Europe change has occurred primarily because governments realized that the potential for development of agriculture was not being fulfilled under past policies emphasizing collectivization. Nevertheless, policies in both regions still reflect in many ways the farming patterns and agricultural programs in effect prior to this decade.

In the countries of the European Economic Community (EEC) and, to a much lesser extent, of the European Free Trade Association (EFTA), closer integration of the economies of the individual member countries has necessitated broad changes in policy. In the EEC, harmonization of individual policies on production, marketing, and trade is now well advanced. A common agricultural policy (CAP) covers nearly all farm production. Other policies affecting agricultural trade among EEC member countries—food and veterinary regulations, tax policies, and the like—are being liberalized and unified.

Structural problems remain

At the same time, attempts to achieve greater efficiencies through regional specialization have been limited by inherent agricultural problems and policies. The chief problem has been a structural one: small, often fragmented farms; under-employed farm labor; and low farm incomes relative to incomes outside agriculture. Under previous policies, these problems went unresolved. In fact, a heavy reliance on high price supports—reinforced by protective import policies—to bolster farm incomes worked against solving them.

There seems now to be a growing realization in Western Europe that policies designed to improve the structure of agriculture must be emphasized. During the current decade, some policies have been instituted to increase farm size to a more economic level and to improve marketing efficiency. The EEC is attacking this problem to some degree through programs financed through the European Guidance and Guarantee Fund. Unfortunately, the problem is so basic and the solutions so costly and time-consuming, little impact has been made to date.

Price supports are still being used as a major tool for supporting farm income and are also used to guide agricultural production. These two functions are often in conflict since price supports alone have limited flexibility in guiding production, and direct production supports are not commonly used in Western Europe. High price supports have also encouraged surpluses of some commodities, while others not so heavily supported are in deficit.

In the field of trade policy, quantitative import restrictions have been eased, and the Kennedy Round and earlier rounds of trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT) have lowered some tariff

barriers substantially. But variable levies constitute an effective barrier for many important commodities imported by the EEC from nonmember countries. These levies skim off differences between world prices and higher EEC prices and place nonmember countries in the position of residual suppliers. Furthermore, under the CAP high support prices have stimulated production—to the point that some items are in surplus—and export subsidies have fostered a large increase in exports to nonmember countries.

Trade patterns disrupted

EFTA countries whose trade is highly dependent on EEC markets have, in several cases, adopted domestic policies paralleling parts of the CAP and have geared their policies toward maintaining markets in the EEC. Bilateral agreements between members of EFTA and the EEC have also helped to maintain trade between the two blocs. However, some disruption of trade patterns has occurred. Attempts by non-EEC countries to lessen EEC tariff barriers, on an individual or a multinational basis (e.g., in GATT), have not been particularly successful. Also, nontariff barriers remain an important form of protection in the EEC and in other West European countries.

Agricultural policy decisions in the Soviet Union and Eastern Europe since 1963 reflect a response to the economic slowdown of the midsixties and an attempt to get agriculture moving toward greater production.

In the Soviet Union administrative reorganizations and a dependence on extensive means to raise agricultural output—the patent answers to agriculture's problems under Khrushchev—were shelved with his downfall in favor of intensive means under Brezhnev and Kosygin. The immediate objective of the new leadership was to raise grain production. (Pre-occupation with the grain problem is not unique to the current leadership. Records from the Fifth Soviet Congress in 1927 contain the statement: "The grain question is the most basic question to agriculture. Clearly only when we have decided on the grain question can we proceed to the solution of other questions of agricultural economy." In *Stroitel'stvo kommunismo*, 1953 Khrushchev wrote "... that Communist society cannot be built without an abundance of grain, milk, butter, and vegetables and other agricultural products supports the lack of progress in resolving this problem over the past decades."

USSR still stresses grain

Subsequent Soviet agricultural policy decisions have continued to evolve around the goal of increasing grain production. For 1966-70 a fixed annual level of grain purchases was established, while for livestock and other agricultural products an annually increasing share of total output was programmed for government purchase¹. The directives setting the amount of these government purchases will allow farm managers to plan crop rotation patterns and land use several years in advance.

Policies designed to stabilize yields in the major spring wheat areas are also in effect. Irrigation of grain, as well as of industrial crops, is being emphasized. At the same time,

heavy exploitation of the dryland areas has been cut back, and moisture-conservation programs are being stressed.

Resolution of the grain problem could permit government policymakers to concentrate on other objectives of agricultural development. Backward by Western standards, the livestock industry could progress rapidly if planners hold to the program to create a stronger feedgrain base. Industrial crops, already developing relatively well, may be strengthened by a broader application of modern farming techniques and by introduction of improved varieties of plants.

Total farm income in the Soviet Union received a boost when a general price increase for many agricultural commodities during 1964 and for milk in early 1965 was followed in May 1965 by major price increases for state purchases of grain and meat. These increases probably were an incentive to improve farm management, labor use, and farm-operating practices. A larger share than before of the additional income was reinvested by farm managers. Wages of collective farm workers were also boosted, but they remain substantially lower than those of state farm workers.

Soviet writers have made a variety of proposals calling for major changes in the methods of farm management and operation and the use of market forces in agriculture, but most of these have been rejected by the current party leadership. Last year, however, an experiment was initiated requiring selected state farms to operate and develop on the basis of their profitability rather than by means of state subsidies. But the sales quotas assigned by central authorities restrict the freedom of individual farms to choose the most profitable enterprises for specialization.

The prospect for improvement in Soviet agriculture lies largely in the efficient use of more material inputs, judicious use of available capital, and incentive programs for farm labor. According to plans through 1970, the trend that began in 1964 toward more nonfarm inputs (machinery, fertilizer) and capital investment—the keys to intensification of agricultural production—will continue. Most striking has been the increased production of fertilizer and the sharp rise in its use, particularly on grain.

East Europe seeks new solutions

Agricultural programs in the East European countries during the 1950's were guided by the politico-economic dictum that maximum output and efficiency could be achieved simultaneously with the socialization of economic resources. Because agriculture was given low priority and because the greatest emphasis within the agricultural sector was placed on collectivization, only some of the objectives were achieved. Collectivization was completed, industrial development was furthered, but agriculture stagnated. Output in most countries remained low; productivity and efficiency showed no significant improvement.

For the last half of the sixties, accelerating or at least stabilizing the rate of growth of the agricultural sector is considered a more important goal than further socialization. Even so, making collectivized agriculture work is still the primary farm-policy objective of all the East European countries. No single country program has been established as the economic model for attaining a reasonably good growth rate, but there are few divergencies from the guidelines accepted throughout the region.

Policy priorities for carrying out the current objective rank

as follows: First, increasing the availability and use of non-farm inputs; second, major reforms in pricing policies and other economic levers; and third, programs to give more of the day-to-day decision-making authority to farm managers. Agricultural production goals are generally lower than they once were and are more closely related to the economic capabilities of each country.

Emphasis varies

Differences in emphasis among the countries in this region are more a function of the stage of economic development within each country than an attempt to formulate policies independent of Communist thought.

In East Germany and Czechoslovakia, the most industrially advanced countries in which agricultural possibilities are limited and already exploited fairly intensively, emphasis is on organization and management. The current action program in Czechoslovakia suggests thorough review of agricultural prices, more efficient use of resources, and a shift in the cropping pattern. In Poland and Yugoslavia price incentives are being used to generate a response from the predominant private sector consisting of small peasant holdings. Upgrading farm practices is the important factor in agriculture since the volume of nonfarm inputs is still relatively low and major immediate changes in farm size and organization have been ruled out. In Hungary and Bulgaria policies emphasizing prices and inputs are employed more often than reorganization schemes. Romania is currently using all three types of policies to expand production; the major emphasis is on inputs, followed by organizational schemes and price incentives.

In addition to the above, earning hard currency by exporting agricultural products is a basic goal of agricultural policy in Bulgaria, Hungary, Poland, Romania, and Yugoslavia. Czechoslovakia and East Germany are major importers of agricultural products, but both export small quantities of raw or unprocessed products.

FAS Announces Two Publications

Publications on exporting U.S. cotton and on Mexico's horticultural industry were issued recently and are available upon request.

How U.S. Cotton Is Sold for Export, FAS M—198, details the steps involved in shipping U.S. cotton abroad, both commercially and under government programs. This sixth edition incorporates changes that have occurred in cotton marketing during the past few years, including revisions in Public Law 480 regulations. Extensive information is given on the workings of foreign cotton arbitration boards and their arbitration and appeal fees, as well as on cotton buying practices in foreign countries.

Mexico's Production of Horticultural Products for Export, FAS M—199, covers recent progress in production, processing, and marketing. Discussion of the latter focuses chiefly on shipments to the United States since Mexico ships sizable quantities to this country and will very likely continue as a major supplier. Although most Mexican products come in during the winter when U.S. output is limited, some compete with the U.S. winter and early spring crops.

For copies, request by title and number from Information Services Branch, Room 5918-S, FAS, USDA, Washington, D.C. 20250.

Australia Aims for Record Wheat Crop

With a year-long drought now broken and rain so far coming at the right time, Australia's 1968-69 wheat crop is off to a good start toward a possible new record. Plantings now appear to be about 10 percent above last year's record acreage, which should have brought a bumper grain crop but instead yielded a small harvest as drought gripped all grain areas except Western Australia. In preparation for the expected big intake, the country is working off the last of its exportable surplus from 1967-68 and cultivating markets gained as a result of that crop's high quality.

Switch from livestock to grain

Although the livestock population in the southern wheat belt was sharply reduced during the drought, it is grain—not livestock—that is getting the attention this year because of the farmers' desire for quick improvement in their financial positions. Their shift toward grain has been aided by favorable weather conditions. In April and May, rains—in many places the best in 20 years—occurred throughout Australia, making conditions excellent for planting operations and causing rapid germination of dry sown oats and barley. Although there are still isolated pockets of drought and subsoil moisture remains low in some districts, further good rains could result in record crops of all winter grains.

Already, a record area is known to have gone under the plow for wheat, as well as for oats and barley. For wheat, the Australian Wheat Board estimates plantings at about 23 million acres. However, this appears highly conservative. An area of 25 million acres appears more likely, and even that may be on the low side in view of field reports of even greater expansion. Assuming reasonable conditions, the latter estimate would produce a wheat crop of over 500 million bushels.

Record oat plantings will help provide a quick-grazing crop and replenish severely depleted farm stocks of feedgrains.

Last year's production

The optimistic outlook this year is reminiscent of that for 1967-68, when acreage had been increased 9 percent to a new record and a crop of 500 million bushels was within range. Prospects soon turned sour, however, as drought gripped the country, reducing grain crops and necessitating heavy livestock slaughter. As a result, the crop in 1967-68 ended up at 277.4 million bushels from 22.7 million acres—or 190 million less than in the previous year. Barley and oat yields were also seriously affected by the drought, and production of these two grains fell to 36.9 million and 50.5 million bushels, respectively, from 64.2 and 133.8 in the previous year.

Ironically, the sharp fall in wheat production last year turned out to be a blessing in disguise for the Australian Wheat Board, as the carryover from the previous year had risen to 80.4 million bushels—the highest level in a number of years. The small crop solved some of the storage problems encountered in the previous year, and gave the wheat handling authorities in Australia an opportunity to improve their facilities.

Total deliveries to the Wheat Board in 1967-68 are now estimated at 245.6 million bushels, or about 220 million less than in 1966-67. Disposal of the crop has progressed steadily

in recent months, and a minimal carryover of about 20 million bushels is predicted for 1967-68.

Quality image enhanced

In addition to helping clear out stocks, Australia's crop last season helped enhance the quality image for Australian grain. Protein content was high in the 1967-68 crop, resulting in good demand from export markets in Europe and Asia.

Among these expanded markets is Japan, which in 1967-68 added to its traditional large purchases of Australian soft wheat sizable quantities of hard and semihard wheat. As a result, during the Japanese fiscal year ended March 1968, the Australian Wheat Board sold 641,136 metric tons of wheat to Japan, compared with 378,363 in the previous year. Another substantial rise in sales is expected during 1968-69.

Efforts to further enhance the quality image of Australian wheat are now being considered, especially for Western Australia's wheat, which is currently sold on a fair-average-quality basis. In recent years, the Wheat Board has not had too much trouble selling this wheat, mainly because more than half of it has moved to Mainland China. However, the industry has become increasingly concerned with what would happen if the Chinese market dried up or if rapid gains in Australian production necessitated selling in the more discriminating markets.

As a result, industry leaders in Western Australia are becoming interested in lifting their standards. This area produces a considerable range of wheat types, which are now all bulked together. In recent months, however, the West Australian Department of Agriculture and the Co-operative Bulk Handling Authorities have given a lot of consideration to specialization. Zoning of the wheat belt has been considered, with varieties to be grown in each area suited for particular purposes. In this way, Western Australian wheat supposedly could take better advantage of specialized markets for bread wheats, quality low-protein biscuit wheats, and types required for the manufacture of noodles and chapatti. Although specialization would be a difficult and costly task, it could ultimately result in improved marketing opportunities and returns. Increasing fertilizer usage in Western Australia, bringing wheat in some areas to substantially higher protein levels, will be a significant factor in encouraging these developments.

At the same time, the eastern States are giving increased emphasis to producing hard wheats. The Australian Wheat Board feels that the demand for hard wheats will continue strong in world markets, and efforts will be made to maintain the high-protein standards achieved in the 1967-68 season. Also anticipated is a general tightening up on the classification of prime hard varieties. The Board feels that some of these varieties have the protein content but lack other quality characteristics and that such defects could break down the market for Australian prime hard wheats; consequently, varieties not meeting certain quality characteristics even when high in protein may in the future be excluded from the premium wheat class.

Wheat exports to Western Europe and the United Kingdom during the 1967-68 season have also been helped by the new

shipping policy of the Australian Wheat Board. By making use of large tankers and transshipping to destinations from Amsterdam and Rotterdam, the Board has been able to sell in many small markets for high-protein wheat that could not be serviced when shipments had to be made in cargo lots. As a result, worthwhile sales have been made to Belgium, the Netherlands, and West Germany in recent months.

Another new development is the charter of bulk wheat carriers with their own unloading equipment. The first vessel of

this kind, "La Sierra," took on 38,000 tons of wheat at Sydney during the last week of April, destined for unloading at Amsterdam, Rotterdam, and Belfast. The self-unloading equipment comprises elevators, transverse conveyors, and chutes and is expected to considerably reduce the turnaround time in European ports. In addition, these ships may be used at ports where unloading facilities are inadequate, such as in some Asian destinations.

—Based on a dispatch from

FRED M. LEGE, III

U.S. Agricultural Attaché, Canberra

carcasses selling at extremely high prices. Brown Wagyu cattle, which have been developed from imported Swiss Simmental (about 50 years ago), are respectable beef animals.

Still, there is need for crossbreeding to shorten the maturity cycle and improve the rate of daily gain. And as commercial feeding operations become more commonplace, it will be necessary, in the interest of economy and good management, to feed urea and growth-promoting hormones.

Prices encourage expansion

Under the present supply/demand situation, coupled with restrictive import policies, there is no reason to believe that prices will change to any great degree in the foreseeable future. The high price is attracting capital to beef fattening operations and, to a limited degree, to cow-calf enterprises.

There are several schools of thought in Japan as to ways of increasing beef production. One school dictates that there is great potential for increased beef cattle production in Hokkaido, the northernmost island. This attitude may have some merit. On the other hand, if the dairy cattle industry continues to expand—and it undoubtedly will—the bulk of that expansion may take place in Hokkaido, thus limiting land available for beef cattle. This would seem quite logical in that the more severe climate and shorter growing season here is capable of producing forage and roughage crops more suited to the dairy industry.

A second school of thought dictates that many more beef cattle can be maintained and produced on the southernmost island of Kyushu—an area where cattle production is already expanding. The climate is mild, rainfall abundant, and additional forage can be produced during the winter on land that is devoted to rice in the summer. One drawback to continued expansion here is the almost endless demand for hand labor to harvest and handle forage crops grown on unbelievably small tracts of land and under conditions not conducive to the use of large-scale mechanized equipment. Then, too, while mountainous and hill land is available for pasture improvement, this land is in demand by the forestry industry since trees here grow at a rapid rate.

If beef cattle numbers are to be greatly increased in the southern area, breeding cows and their offspring will have to rely more on grains or other ingredients.

Stress on Beef Production Could Boost Japan's Feedgrain Imports

With an eye on Japan's livestock industry as an expanded market for U.S. feedgrains, the Tokyo office of the U.S. Feed Grains Council has been attempting to discover how to encourage growth in that industry. Following is a report by Clarence D. Palmby, Executive Vice President of the Council, on the status of Japan's beef production.

Government import restrictions and a lagging cattle industry have kept beef prices in Japan at twice those paid in the United States. But now with consumers demanding more red meat and balking at the high prices, the government is taking steps to encourage local production. This not only means utilizing more dairy animals and importing high-quality breeding cattle, but it also means buying more feedgrains—hopefully from the United States—to support the cattle industry.

One promising source of more beef for Japan is the dairy industry. Japan's agricultural policy, coupled with national health and human nutrition policies, has prompted a rapid increase in dairy numbers from 323,000 head in 1953 to 1,376,000 in 1967. However, up until recently, most of the dairy bull calves and heifers not retained for breeding were killed shortly after birth. In most cases the resulting small volume of meat was utilized as casing, processed meat, or "ham"—processed food containing meat, fish, and meat products.

Recently, some of the industry shook off this traditional practice and began feeding more dairy calves in confinement and slaughtering them at 1,000 to 1,100 pounds, liveweight. This system of converting dairy calves to good-quality beef will continue, and it is possible that

by 1972 at least 500,000 calves annually will be fed in such a manner.

Under Japanese conditions, each dairy calf converted to a 500-pound carcass should utilize during its lifetime at least 1 metric ton of grain (40 bushels of corn or grain sorghum equivalent). This alone could mean an additional market for 4 million to 5 million bushels a year for feedgrains over the next 5 years.

In view of this potential, the Feed Grains Council has begun dairy-calf feeding demonstrations through an agreement with Zenrakuren (the National Federation of Dairy Farm Cooperative Association). More such demonstrations in different areas of Japan would undoubtedly be wise undertakings.

Beef cattle numbers turn upward

After years of stagnation, Japanese beef cattle numbers—mainly of Black Wagyu and Brown Wagyu cattle—have also begun to grow, and they could climb to an estimated 1,717,000 head by 1969, compared with 1,552,000 in 1967. However, such an expansion will be possible only through larger imports of breeding stock or a continued program of withholding heifer stock from slaughter or a combination of both programs. Also, despite gains in the industry, Japan will undoubtedly have to import an increasing volume of carcass beef.

Japan is the one country in the world, other than the United States, that places a premium on highly marbled beef. The Black Wagyu, a very slow maturing animal, produces under intensive feeding conditions highly marbled carcasses of tender beef, particularly suitable for Japanese dishes like sukiyaki. The demand for such beef results in Black Wagyu

Canada Announces New Grading System for Market Hogs

A new method of grading and pricing market hogs is to go into effect by January 1, 1969, in Canada. The new system will give producers of high-quality hogs with large proportions of lean pork a price advantage and should encourage the raising of superior swine by Canadian farmers.

Production of lean-meat hogs is expected to be of benefit to Canadian consumers, farmers, and meat purveyors. Consumers prefer lean pork; meat purveyors have to trim less fat from lean-meat hogs to get the cuts customers prefer; and farmers can increase production if they raise the type of meat in demand both on the Canadian domestic market and abroad.

The swine industry is important to Canada's farmers and in 1967 accounted for over 9 percent of farm cash receipts, or about Can\$408 million. About 8.2 million head of hogs were sold during the year. Of the cash value Canadian farmers received, about \$35 million came from exports of hogs, pork, and pork products.

Mechanics of new system

Two separate measurements of backfat on each hog carcass provide the chief quality indicator in the new system. One measurement of fat depth is made at the shoulder and the other at the loin. A hog is graded by deriving an index number from the fat depth and carcass weight.

Chilean Beef Price Up

In an effort to further restrict beef and veal sales because of the country's short supply, and to encourage beef production, the Chilean Government has freed prices for the more expensive beef cuts and set new and higher retail prices for the cheaper beef parts. Fixed-price increases ranged from 9.3 percent for ribs, hocks, and flanks to 36.2 percent for brisket, round rump, and minced meat.

The new regulations are intended to get meat prices in Chile more in line with supplies and at the same time to keep a control on prices of certain cuts for the benefit of low-income groups. Also, they are designed to cut down meat imports to save foreign exchange.

Restrictions against the sale of beef and veal except on Fridays and Saturdays remain in effect; also, sales of beef are prohibited 1 week of each month until November 1968.

All of the carcasses between 125 and 180 pounds (warm dressed weight) will fall into one of 13 categories according to the derived index numbers. The lowest index number possible is 88, and the highest is 112. The leaner carcasses have the higher index numbers.

Quoted prices for hogs at market will be for those with an index of 100. This means that if the price of hogs is \$30 per hundredweight, all hog carcasses with an index of 100 will bring this price. Hog carcasses with an index of 112 would bring \$33.60 per hundredweight, or 12 percent more than the list price. Carcasses with an index of 88 would be worth only \$26.40 per hundredweight,

or 12 percent less than the list price. A \$2 government premium will continue for Grade A hogs.

In addition, there are provisions in the grading system for carcasses that have such defects as lack of meatiness in the ham and belly or an unusually heavy shoulder.

To implement the new system, several steps must be taken. More graders must be recruited and trained, and new scale tickets for carcasses and settlement forms for sellers (including premium warrants if called for) must be printed.

—Based on dispatch by ALFRED R. PERSI
Assistant U.S. Agricultural Attaché,
Ottawa

Eastern Ontario Industry Wants More Corn

Raising grain corn as a cash crop is gaining momentum in the Ottawa area of Ontario due to the efforts of plant breeders, good prices, active encouragement by local corn-using industries, and the advice and research of representatives of Canada's and Ontario's departments of agriculture. Traditionally, farmers in eastern Ontario have raised corn mainly as feed for their own animals; corn as a cash crop has been grown chiefly in southwest Ontario.

Starch companies and distilleries in the Ottawa area are urging farmers to grow large corn acreages on a contract basis. Recently, one starch company invited agriculturalists to its factory and advocated local production of the 6 million bushels of corn the company now imports annually from the United States. Imports of U.S. grain corn by Ontario are ranging from 22 million to 25 million bushels a year.

Growing corn as a cash crop is becoming increasingly attractive in eastern Ontario. The price of corn per bushel averages Can\$0.30 higher than in southwestern Ontario; therefore, eastern corn farmers can realize a greater net return per acre than western farmers.

The Canada Department of Agriculture at Ottawa and the Ontario Department of Agriculture at Kemptville have developed new early-maturing hybrid corns that are suitable to eastern Ontario and that, under good management, will yield as much as 100 bushels per acre. Some farmers of the area, however, still have high costs per acre of corn raised because of the use of farm

manure from livestock as field fertilizer.

Corn acreages have doubled each of the last 3 years in eastern Ontario—and indications are that the rate of increase in corn acreages may accelerate in the next few years. Most of the area switched to corn will probably be on farms that in the past raised corn only as animal feed; cash-crop farmers are expected to expand corn acreages less. This year about 10,000 acres is awaiting harvest; the demand from local industries could absorb the output of 100,000 acres.

—Based on dispatch by ALFRED R. PERSI
Assistant U.S. Agricultural Attaché,
Ottawa

Pakistani Urea Plant

A new fertilizer plant is to be built near Lahore, West Pakistan, by a private company. Its planned capacity is 345,000 tons of urea annually, and plant output will replace that amount of imports.

Nitrogen fertilizers are becoming increasingly important to Pakistan as it boosts its agricultural productivity by converting to high-yield wheat and rice strains. The high-yield varieties, to be successfully grown, must receive extensive fertilizer applications.

The new plant is expected to cost in the neighborhood of US\$78 million. Capital is being provided by a number of sources, such as the International Bank for Reconstruction and Development (\$32 million), the International Finance Corporation (up to \$3.9 million), the United States Agency for International Development (\$14.2 million, in local currency), and private companies.

How Cotton Institute Spurs Overseas Sales

The United States and its fellow members of the International Institute for Cotton¹ have the common goal of enlarging the world market for cotton. Within this larger market, each country is aiming at its own export targets. But to win the general increase, they have banded together for an aggressive campaign to counter the efforts of manmade fibers. This IIC campaign relies on two big guns: promotion and research. The article that follows has to do with the promotion program; research will be taken up later.

The International Institute for Cotton, set up in 1966 as a promotion and research weapon for the world's cotton exporters, is organized somewhat like a three-stage rocket, except that all three stages are meant to fire together and are now doing so. The first—market research—went into operation almost at once. On the basis of its early findings, IIC moved into the promotion stage January 1, 1967, and a year later into the third stage—utilization research, to improve the quality and competitive position of cotton products.

The IIC promotional effort is concentrated in Western Europe and Japan because these areas are dominant markets in world cotton trade. Also, their influence in apparel styles and design is strong throughout the world. "The styles set in London, Paris, Rome, and Berlin today will be seen in Rio, Istanbul, and Nairobi tomorrow," says one IIC official, adding, "Technical developments in the mills of Lancashire and Osaka today will influence what mills in Bombay, Lima, and Cairo do tomorrow. If cotton loses out to synthetics in Western Europe and Japan today, it will lose out in the rest of the world very soon afterwards."

But cotton has no intention of losing out. Further, if it can even hold its present share of the two big markets, natural increase in demand in those areas alone should push total cotton exports up at least 5 million bales by 1980—and even more, if cotton improves its image through vigorous promotion and superior technology in finishes.

Promotion score after 18 months

Since the promotion program got underway, IIC has entered into cooperative arrangements for cotton promotion with two international industry organizations, nine national trade and industry organizations, over 400 leading garmentmakers, and more than 15,000 leading retailers in 13 countries of Western Europe and Japan.

Market research has told the IIC that the problem in both market areas is apparel, and specifically outerwear—the sector accounting for at least a fourth of all cotton consumption. Only 10 years ago, cotton held two-thirds of this market; today, the synthetics have reversed the situation.

Is the IIC program working in favor of cotton apparel? Here are some testimonials from the trade.

- In Austria, industry cooperators who have been contributing six times as much as IIC to the joint promotion funds are increasing their part to 10 times the IIC share.

- In Switzerland, the multiplication factor reaches 20, and a leading Swiss manufacturer of knitted casual cottons

says the advertising is the most effective he has ever seen.

- In Sweden, the No. 2 shirtmaker, who made only 10 percent of his dress shirts from cotton 2 years ago, has viewed the gains the program brought to the No. 1 shirtmaker. Consequently, in 1969 he will be making 50 percent of his shirts from cotton and taking part in the IIC campaign.

- In Japan, cotton product sales in the spring and summer of 1967 rose nearly three times more than sales of synthetic fiber products—17 percent over the preceding year's, as against 6 percent. The IIC promotion program, which began that year, was considered significant in this gain.

The program in Western Europe

Throughout this area, the message is fashion plus comfort—"you live better in cotton." How the message is delivered can be seen in examples drawn from four countries, showing both the part played by IIC and the way in which IIC dollars were multiplied by cooperation from partner firms.

Norway—IIC and the leading garmentmaker. Ljungberg, a top manufacturer of women's dresses and leisure wear, called his major spring promotion the Ljungberg Cotton Festival. IIC produced the photographs, art work, slogans, and advertisement copy used in this campaign, which opened with four advertisements in trade papers—two placed by IIC, two by Ljungberg. IIC then bought a color advertisement in a leading consumer magazine read by nearly half Norway's women. At this stage, the partner took over, buying 10 advertisements in leading daily newspapers and negotiating with retail stores to share the cost of a further 160 advertisements. Each store at its own expense then carried the promotion forward with window displays—500 windows in all, each featuring the same garments seen in the advertisements and the same cotton identification and story. So great was the impact that the Norwegian press picked up the campaign as news, giving still more mileage to the IIC material.

France—IIC and the leading weaver. Probably the largest spinner-weaver in Europe, and one of the most influential, is Boussac, one of France's first integrated firms. Boussac produces about 10 percent of all French cotton, has its own retail shops and about a \$120-million yearly turnover.

Though unwilling at first to tie in to a general cotton-promotion program, Boussac joined the IIC program this year and put its considerable influence to work for cotton, selecting 30 of its most important garmentmaker customers. IIC offered five of these firms color-page advertisements in *Jours de France*, a top magazine for consumers. The other 25 firms are being featured in five double-page spreads in a companion magazine, *Elle*, each featuring five garments and five manufacturers in layouts by Boussac. In return, all manufacturers agree to do a full merchandising job insuring cotton identification and broad distribution of the garments and sometimes tie-ups with leading local retailers for advertising. Boussac provides these retailers with an "all-cotton" window-dressing service.

The influence of full-scale participation by these French textile leaders cannot be measured in money terms.

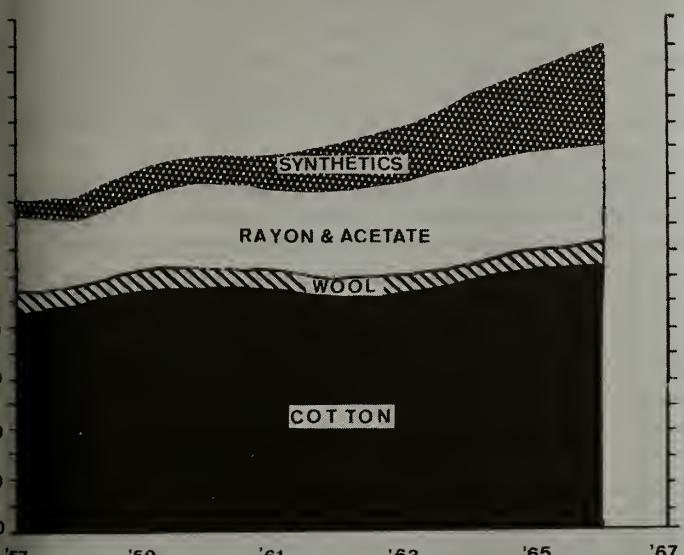
Sweden—IIC and a new cotton product. Melka, the leading shirtmaker, worked with IIC in promoting a new range

(Continued on page 16)

¹ IIC's original members were India, Mexico, Spain, Sudan, the UAR, and the United States. Joining later were Tanzania, Uganda, and Greece. U.S. participation is financed under the USDA-sponsored market development program.

WORLD MILL CONSUMPTION OF MAJOR FIBERS

- in terms of cotton equivalents -
(in million bales)

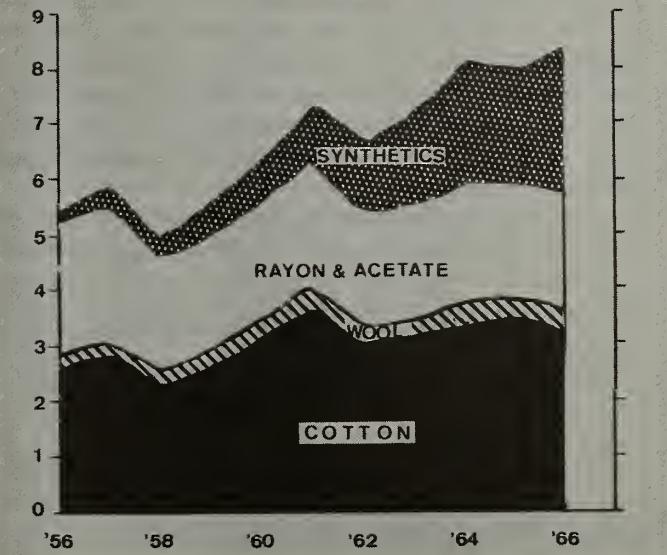


MILL CONSUMPTION OF FIBERS

in

JAPAN

- in terms of cotton equivalents -
(in million bales)



Background of IIC's Promotion

Why has the International Institute for Cotton centered its promotion program on Western Europe and Japan? Here are some answers.

Outside the United States, Western Europe and Japan account for the greatest share of world fiber consumption; and they constitute the market for over two-thirds of the cotton shipped to non-Communist countries.

Between 1956 and 1966, world consumption of textile fibers increased more than during the whole first half of the 20th century. But in this increase, manmade fibers scored

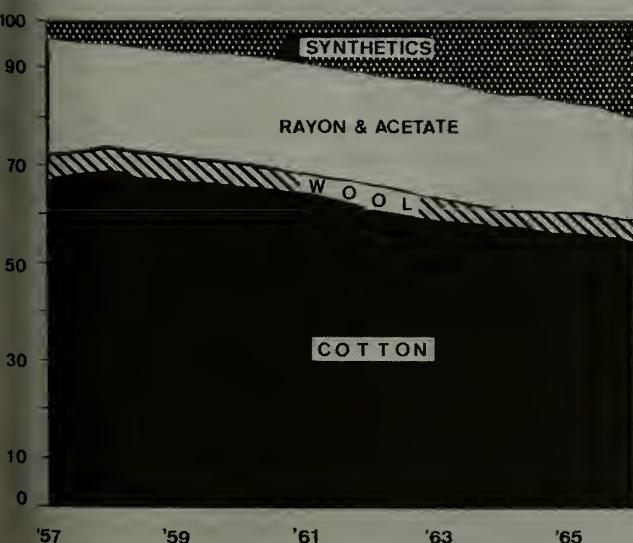
the most growth—over 23 million bales (cotton equivalent).

Cotton consumption too expanded, by 9.3 million bales, but mostly in the cotton-producing countries of Asia, where the birth of millions more people boosted total consumption. Per capita consumption, however, rose only in a few developed countries such as Japan.

Japan expanded total fiber use sharply, but the relative positions of the major fibers reversed. In 1956, manmades accounted for about a third of the total; in 1966, for more than half. Western Europe too expanded total fiber use, though less sharply than Japan; but cotton remained stationary, and all the growth went to manmades.

PERCENTAGE SHARES OF TEXTILE FIBERS

in
WORLD MILL CONSUMPTION
in terms of cotton equivalents

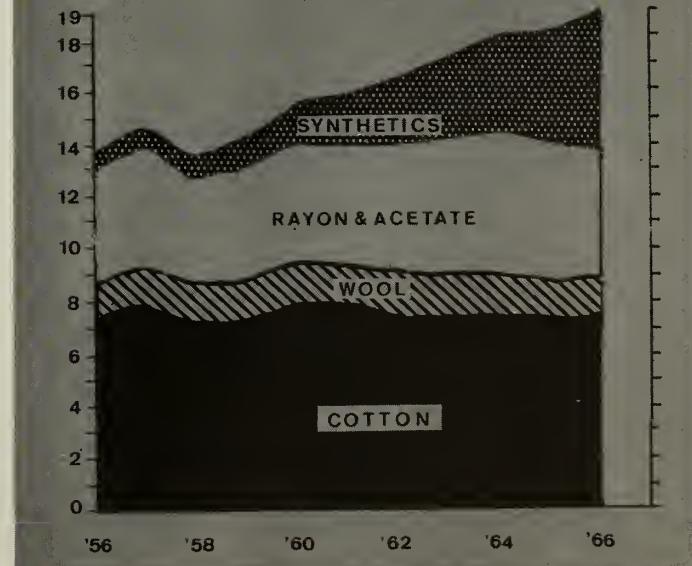


MILL CONSUMPTION OF FIBERS

in

WESTERN EUROPE

- in terms of cotton equivalents -
(in million bales)



of 100-percent cotton shirts with a permanent press finish developed by a top Swedish mill. Trade press advertising was followed by heavy consumer advertising, both featuring the cotton symbol and arguments. And, between the spring and autumn of 1967, cotton doubled its share of Sweden's dress shirt market. For Melka, which has more than a third of that market, the cotton share was considerably higher.

IIC assistance in this successful launching of a new cotton product can be credited with helping increase cotton's importance in Sweden; the trade predicts that cotton will gain three-fourths of the market by 1970.

United Kingdom—IIC and the leading retailer. Working directly with Marks and Spencer, the most important retailing organization in Europe, IIC provided a place on its advertising schedule. In return, Marks and Spencer gave cotton a complete merchandising operation tied to the IIC series of color advertisements and to the cotton message, beamed at the 12 million customers who visit the 241 Marks and Spencer stores each week.

The firm had such a good response from this campaign that it has signed up to sell three times as many cotton dresses in 1968 as in 1967. Cotton now has first place in its lines for the first time.

In addition to the country programs, IIC carries on three central promotion projects with a broader than national interest. These projects, taking full advantage of IIC's international structure, pass along to Europe's cotton industry and trade the latest in trends and developments in men's leisure wear, women's leisure wear, and rainwear.

For the men's leisure wear project, 73 of Europe's best firms joined IIC last year. From the idea collection produced for IIC by three top designers, based on new cotton fabrics from Europe's most skilled weavers and knitters, the 73 manufacturers chose models to produce for exhibit at the international men's fashion week in Cologne. Later, they included these models in their selling lines.

The women's leisure wear project, less ambitious, involved the presentation of new models, chosen from leading garmentmakers, to the trade at the Vestirama fair in Brussels. In a similar project, also using Vestirama, IIC cooperated with the International Rainwear Council, which includes among its members the one or two most influential manufacturers in each IIC program country.

The program in Japan

In 1967, the first year of IIC activity in Japan, the promotion effort of IIC and its Japanese cooperator—the Japan Cotton Promotion Institute—revolved around the Cotton Grand Fair, retail promotions, and consumer advertising. All three were strongly supported by the industry and trade. That year, the domestic supply of cotton products rose by more than 15 percent (about 260,000 bales in terms of raw cotton). For apparel and household uses, which the IIC program covers, the increase was closer to 16 percent.

The Cotton Grand Fair, presented at Osaka—biggest textile center in Japan—and Tokyo, displayed only 100-percent cotton products. Leading spinners, garmentmakers, and converters showed their highest quality items to visitors from department stores and retail shops as well as local wholesalers. This fair stimulates both the supply of and the demand for the cottons needed to compete against synthetics. The

industry competition for which it is a forum helps insure ever-rising standards for cotton merchandise.

In retail promotion, the Japanese program stressed Cotton Weeks and department store campaigns. Cotton Weeks, with grand sales of cotton goods, involved some 3,300 shops in 16 cities during early summer last year, and a highly successful repeat is going on this summer. These weeks witnessed special advertising, parades for local cotton queens, fashion shows, window display contests, and similar merchandising ideas carried out by IIC cooperators.

Department store campaigns carry great weight in Japan because of the prestige these stores command among consumers and the high readership of their advertisements. For cotton promotion, whole stores were given over, department by department—a total of 72 leading stores in 42 major cities.

Consumer advertising identifying cotton was made possible during 1967 by IIC funds. With 40 leading firms and 6 manufacturing associations, all carefully selected, joint advertising programs were developed to present both their high-fashion and high-grade products and the arguments for cotton. This type of advertising contributed notably to the effectiveness of the vast retail promotion program. In all, 178 pages in magazines, 12 in daily newspapers, and 33 in trade papers were devoted to cotton advertisements, each page paid for partly by the partner and partly by IIC/JCPI.

Consumer advertising is aimed at widening the consumer's knowledge of cotton and improving the image he has of it. But at the same time, IIC cooperation in advertising has helped spur Japan's cotton trade and industry to upgrade their own goods still more, in order to further tap the market thus being expanded.

As a result of these joint efforts a definite swing back to cotton is reported underway, especially in the quality products. Consumers are now said to be thinking of synthetic fabrics more as utility items.

For 1968, IIC and JCPI are completely financing a unified advertising campaign, and partners are being encouraged to include its elements in their own advertising programs. This plan leaves the partner free to judge his own spending level; and nearly all partners spend more than IIC.—J.B.

The IIC Scores at Interstoff

This year, the International Institute for Cotton added a new project to its cotton promotion program when it exhibited 3,000 samples of Europe's newest 100-percent cotton fabrics at Interstoff in Frankfurt. From this, the world's largest fabric fair, fiber producers had until now been excluded. Interstoff brings together twice a year the most important European weavers and knitters and the world's leading buyers, garmentmakers, and fabric merchants—people who account for about half of cotton's total market.

The IIC stand at Interstoff clocked in about 800 visitors in 4 days—top garmentmakers and merchants plus the trade press. Many reported their appreciation at finding cotton information conveniently centered within the crowded fair. Weavers and knitters whose fabrics were displayed by IIC were delighted at the number of visitors who sought them out after seeing the IIC stand. Several callers who had not known of the stand estimated that it could have saved them several days of searching for cotton fabrics throughout the fair; next year, they say, they will make IIC their first stop.

Rhodesian Tobacco at Lisbon

Rhodesian tobacco received international exposure last month at Lisbon, Portugal—in Rhodesia's first promotional venture outside southern Africa since the United Nations trade embargo went into effect 2 years ago. Scene of the promotion was Lisbon's International Trade Fair—a 2-week show, ended June 22, which featured exhibits from 21 countries other than Rhodesia.

The exhibit, regarded in some tobacco trade circles as a major promotional breakthrough, attracted heavy public interest, with up to 5,000 visitors on some days. It consisted of a series of illuminated transparent film pictures in color, showing the different stages in Rhodesian tobacco cultivation, along with texts and captions explaining the role once played by Rhodesia in world tobacco trade. Also spelled out in detail were methods used to come up with styles and qualities of tobacco demanded by manufacturers abroad.

The exhibit, staged by the Tobacco Export Promotion Council of Rhodesia (TEPCOR), was manned by TEPCOR officials and five hostesses acting as interpreters. Each visitor to the stand was offered cigarettes of 100 percent Rhodesian tobacco in a blank packet showing only the TEPCOR crest. Comments from smokers generally were favorable.

Despite this seemingly good response, Rhodesia will continue to face a greatly restricted tobacco market. The U.N. embargo, put into effect following Rhodesia's unilateral declaration of independence in 1965, is enforced by all major Free World countries except Portugal, South Africa, and neutral Switzerland. As a result, Rhodesian tobacco exports have fallen to about one-fourth the 1965 level, and production, to around half the 1965 crop of 260 million pounds.

Japan Cotton Industry in 1967

The Japanese cotton industry last year imported 3,466,000 bales (480 lb. net) of raw cotton—its second largest amount since World War II. Spinners bought heavily in anticipation of tight world supplies.

Japan imported 1,174,000 bales from the United States in 1967. Other major suppliers included India, Uganda, Turkey, the Soviet Union, Nicaragua, Argentina, Sudan, and UAR. Biggest increases in purchases by Japan last year were from Turkey (6.7 times 1966 sales), Argentina (5.1 times), and the Soviet Union (2.3 times).

The increased use of raw cotton in mills was reflected in the large supply of cotton goods for the domestic market. Last year the Japanese textile industry manufactured some 384,400 tons of cotton goods to be sold at home, compared to 333,100 tons in 1966.

Japanese retailers had little trouble moving the goods. Consumers generally have been interested in high-grade cotton products, have sought out cotton for its absorbency and ventilation, and had ideal weather during the peak of the cotton clothes shopping season. Promotion programs by the International Institute for Cotton and the Japan Cotton Promotion Institute also boosted buying.

Behind the apparent optimism of this stepped-up activity, however, lie the industry's continuing difficulties with falling exports, growing competition from manmade fibers, and difficulties with manpower and efficiency.

Even though cotton textile supplies were higher this year,

the trend toward producing for the domestic market was partly at the expense of shipments abroad. Cotton yarn exports for 1967 amounted to only 6,160 tons, less than 40 percent of the 1966 level. Exports of cotton made-up goods also went down, to 44,000 tons—83 percent of the 1966 record. Cotton fabric exports dropped 19 percent below 1966 shipments to their lowest level since 1953.

Cotton faced stiff competition from manmades again in 1967. Expansion of demand for domestic textiles resulted in gains for manmade fibers as well as cotton. Last year the Japan Chemical Fibers Association registered good sales for products made of nylon, polyester, acrylic, and vinylon, which are used in tire cord, furniture, knitted goods, and blends with cotton for men's and women's clothing.

Milk Boom on Irish Farms

Irish creameries took in and processed 396,200 pounds of milk in the first quarter of 1968, 15 percent more than during last year's first quarter and a record for the period. Supplies are still coming in at a heavier-than-usual rate, and a butter surplus problem is looming.

Most of the production jump is attributed to an increase in milk output per cow. Yield has been up because the feed situation in Ireland has been particularly good. Last summer's favorable weather brought in ample supplies of hay, and a mild December prolonged pasture growth. This meant that farmers did not have to turn to fodder supplies as early as usual. Pasture growth was also helped by farmers' generous use of fertilizers last year. Also contributing to the upward trend in milk output per cow is a shift towards incorporating more and more highly productive Friesians into milking herds.

Evidence of the mounting surplus of dairy products is the sale earlier this year of 20 million pounds of nonfat dry milk to Mexico, traditionally a good U.S. market.

Butter stocks continue to pile up although the Dairy Produce Board is trying to divert as much milk as possible into the manufacture of natural cheese, whole milk powder, skim milk powder, and chocolate crumb. In January-March, Irish creameries put out 5,221 long tons of butter, compared with 4,434 in the same period of 1967. The Irish so far have been successful in moving large quantities of butter to the United Kingdom. Nearly half of Ireland's January-March dairy exports were of butter, bringing in about \$4.8 million.

—Based on a dispatch by EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

New German Pesticide Law

West Germany has passed a new plant protection law aiming to serve the best interests of both farm and non-farm citizens. The new measure, which replaces a 1949 law, features the latest technical knowledge of pesticides plus elements of protection for humans, animals, and nature.

The most important regulations of the new law concern obligatory testing, certification, and labeling of all commercially traded pesticides and their proper use. Certification will be granted only if proper use of the pesticides will have no detrimental effects on persons or animals. Labeling must contain information on purpose, time, and methods of application and also point out possible dangers.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Rotterdam offer prices for U.S. hard wheats declined during the week ending July 23, 1968. Both U.S. Spring and Hard Winter were down 2 cents. Canadian Manitoba gained a penny, while USSR 121 and Argentine were unquoted.

Both U.S. and Argentine corn lost 2 cents, but South African White was up 1 cent.

A listing of the prices follows.

Item	July 23	July 16	A year ago
	Dol. per bu.	Dol. per bu.	Dol. per bu.
Wheat:			
Canadian No. 2 Manitoba	2.03	2.02	2.16
USSR 121	(1)	(1)	(1)
U.S. No. 2 Northern/Dark			
Northern Spring, 14 percent ..	1.94	1.96	2.10
U.S. No. 2 Hard Winter,			
14 percent	1.97	1.99	1.97
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.73	1.73	1.81
Corn:			
U.S. No. 3 Yellow	1.28	1.30	1.49
Argentine Plate	1.45	1.47	1.63
South African White	1.54	1.51	(1)

¹ Not quoted.

Note: All quotes c.i.f. Rotterdam for 30- to 60-day delivery.

EEC Rapeseed Prices Continue

The target price for rapeseed within the European Economic Community for the 1968-69 marketing year beginning July 1 remained unchanged from last year's price of \$202.50 per metric ton. The basic intervention price of \$196.50 per ton also stayed the same, but is applicable in Genoa instead of Ravenna as determined last year.

Additional aid for rapeseed processed in Italy was increased from \$6.75 to \$8.50 per ton to enable Italian producers to compete with low-priced imported rapeseed and oil.

Sharp Drop in Nigerian Peanut Purchases

The 1967-68 buying season for Nigeria's 1967 peanut crop closed officially at midnight on May 30 at all buying stations, according to the *Interim Common Services Agency (former Northern Nigerian Government) Gazette*, released early in July.

Peanut purchases for crushing and export are set at 675,000 long tons, shelled basis (subject to further adjustment). This represents a decline of 15 percent from an early estimate of 800,000 tons and a decline of 34 percent from the record 1,026,000 purchased from the 1966 crop.

Reliable semiofficial and trade sources attribute the decline to: (1) Late rains in June and July during the planting season; (2) the diversion from production of peanuts to food crops in many areas of the North as a result of increased food prices during 1966-67; (3) marketing delays during the beginning of the buying season when financial

advances to licensed buying agents by the bank were late; (4) movement of peanuts to Niger due to price advantage and delay in payments to producers by the middlemen and the licensed buying agents.

Transport problems resulting from civil disturbances continue to limit movement of peanuts to ports and crushing mills. However, unless the situation deteriorates, crushings are expected to approximate or possibly exceed last year's reduced level, and exports will likely exceed early expectations.

Philippine Exports of Copra, Coconut Oil

Registered exports of copra from the Philippine Republic during first half of 1968 totaled 242,213 long tons, compared with 340,521 during the comparable period a year earlier. The decline reflected a sharp reduction in movements to Europe, while exports to the United States at 128,345 tons increased by 19,575.

Coconut oil exports for January-June 1968 increased to 108,872 long tons, compared with 101,238 in the same 6 months of 1967. Movements to the United States at 96,648 tons accounted for all of the increase.

PHILIPPINE REGISTERED EXPORTS OF COPRA AND COCONUT OIL¹

Commodity and destination	June		January-June	
	1967	1968 ²	1967	1968 ²
Copra:				
United States	19,700	11,200	108,770	128,345
Europe	29,850	24,200	179,650	95,550
South America ..	2,750	0	15,400	3,300
Japan	7,250	4,300	36,701	14,518
Other Asia	0	500	0	500
Total	59,550	40,200	340,521	242,213
Coconut oil:				
United States	19,350	11,766	87,284	96,648
Europe	1,730	401	13,849	12,224
Japan	105	0	105	0
Total	21,185	12,167	101,238	108,872

¹ Desiccated coconut figures for May 1968 not available.

² Preliminary.

Associated Steamship Lines, Inc., Manila.

India's Mustard and Rapeseed Acreage Up

The area planted in India to rapeseed and mustard for the 1967-68 season is estimated at 3,357,800 acres, 25 percent above the 2,689,400 acres planted last year, according to the June 12 release by the Directorate of Economics and Statistics. The first All-India estimate usually represents 40 percent of the acreage finally harvested.

Although the mustard and rapeseed crop has already been harvested, no official production estimates have been made. Trade estimates, however, indicate an outturn of 1.35 million metric tons compared with the official estimate of 1.24 for 1966-67.

Australia's Safflowerseed Acreage Down

Safflowerseed acreage in Queensland, Australia's largest safflowerseed-producing State, may total only 53,000 acres in 1968-69, compared with the record 105,000 planted last year, according to the State's estimate of current planting intentions. The decline in acreage was attributed to heavy rains during the early planting season and to the farmers' loss of interest in safflowerseed due to last year's poor yields. Drought conditions had reduced production in Queensland to 18,000 long tons with an average yield of about 9.6 bushels per acre.

Less Free World Cotton to Communist Areas

Exports of raw cotton from the Free World to eight Communist countries during the months specified in the accompanying table were 14 percent lower in 1967-68 than during the same time period of 1966-67. Free World shipments to the Communist countries amounted to 919,000 bales (480 lb. net), compared with 1,070,000 in the same months a year earlier. Exports to the Communist countries from the Free World in the entire 1966-67 season (August-July) totaled 2,093,000 bales.

During the specified months of 1967-68, Egypt, Syria, and Greece were the largest suppliers, accounting for 30, 20, and 12 percent of the total, respectively. Shipments from each of these three countries were lower than in the preceding year; in Egypt and Syria, they were down more than 20

FREE WORLD COTTON EXPORTS TO COMMUNIST COUNTRIES [1,000 bales of 480 lb. net]

Exporting country	No. of months ²	Bulgaria	China	Czech.	East Germany	Hungary
Brazil	5	19	0	0	9	8
British E. Africa	7	0	47	0	1	0
Egypt	7	9	17	55	14	16
Greece	9	18	0	16	0	28
Israel	8	0	0	0	0	5
Pakistan	7	(3)	0	6	0	3
Sudan	4	(3)	(3)	3	0	9
Syria	10	16	46	5	(3)	10
Turkey	7	1	0	0	3	12
United States ⁴	10	0	0	0	0	0
Other ⁵	—	(3)	1	0	0	6
Total 1967-68		63	111	85	27	97
Total 1966-67		33	259	104	33	120

	Poland	Ro-mania	USSR	Total	
				1967-68	1966-67
Brazil	5	0	0	36	34
British E. Africa	7	3	0	51	51
Egypt	7	15	33	117	276
Greece	9	16	8	24	110
Israel	8	0	2	0	7
Pakistan	7	29	8	3	49
Sudan	4	7	34	32	85
Syria	10	14	25	70	186
Turkey	7	6	9	4	35
United States ⁴	10	59	0	0	59
Other ⁵	—	16	2	0	6
Total 1967-68		165	121	250	919
Total 1966-67		152	88	281	—
					1,070

¹ Statistics for some of the countries are preliminary. ² Season beginning August 1, except British East Africa, calendar year. ³ Less than 1,000 bales. ⁴ Running bales. ⁵ India, Iran, Mexico, Morocco, and Peru.

percent. Exports by Brazil, Sudan, and Turkey were above shipments in the same period in 1966-67.

Of the eight Communist countries, the two major destinations of the Free World cotton exports during the specified months were USSR and Poland, receiving 27 and 18 percent of the total, respectively. Mainland China, normally a large purchaser of cotton from Free World countries, received only 12 percent of Free World exports in the early months of 1967-68.

Free World Imports More USSR Cotton

Imports of raw cotton by Free World countries from the USSR during the months of 1967-68 designated in the accompanying table were 32 percent above imports during the same period a year earlier. Imports for the full 1966-67 season totaled 773,000 bales (480 lb. net). Practically all cotton imports from Communist countries are from the USSR.

The largest importer of Russian cotton in 1967-68 was Japan, which accounted for 37 percent of the total. Japan, Canada, and Yugoslavia each have imported substantially more Russian cotton already in the current season than in the entire 1966-67 season.

FREE WORLD IMPORTS OF USSR COTTON [1,000 bales of 480 lb. net]

Importing country	No. of months ¹	1966-67	1967-68
Austria	7	6	4
Belgium	7	2	4
Canada	8	20	68
Finland	8	41	37
France	9	75	76
Germany, West	9	68	73
Hong Kong	9	7	1
Italy	7	31	34
Japan	9	157	244
Netherlands	8	3	3
United Kingdom	9	63	49
Yugoslavia	6	22	63
Other ²	—	1	(3)
		496	656

¹ Seasons beginning August 1. ² Includes India, Portugal, and Switzerland. ³ Less than 1,000 bales.

Small Australian Dried Fruit Pack

Drought conditions have sharply reduced Australian dried fruit production. Current estimates indicate a 1968 dried apricot crop of only 1,600 short tons, 57 percent less than the 1967 pack of 3,700 and 42 percent below the 1962-66 average. Dried prune production is estimated at 1,800 tons, slightly over one-third of the 1967 crop of 6,600 and 63 percent below average. Reports indicate approximately 1,100 tons of 1967 crop prunes carried over into the 1968 season. Dried pear production is estimated at 400 tons, 38 percent above the 1967 crop of 250.

Brazil's Coffee Exports Soar

Brazil's coffee exports during the 1967-68 coffee marketing year (July-June) set an alltime record of 18.9 million bags, according to the Brazilian Coffee Institute in a recent announcement. Estimated revenues were US\$65 million greater than the \$717 million realized during 1966-67. Institute officials credited the record volume of shipments to adoption

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of flexible and objective methods which permitted the maintenance of good rates of sales and export during traditionally slow months.

May and June 1968 exports were stimulated beyond normal expectations when the Institute made its 1968-69 coffee crop marketing regulations and prices effective May 2 instead of the traditional July 1. May and June exports totaled 3.3 million bags, compared with an average total of 2.3 million for these 2 months in the past 5 years. The May total of 1.7 million bags was an alltime record for that month.

A record for any month was set in September 1967, when 3.1 million bags were shipped. Of this total, 1.2 million bags were exported to the United States. This volume more than doubled average monthly exports to the United States of 400,000 to 500,000 bags.

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Wheat Carrying Charge Payment

To improve the competitive position of U.S. wheat and to help its movement into export channels, the U.S. Department of Agriculture has placed in effect an incremental payment applying to exports of all classes of wheat except Durum. The payment became effective in mid-July and will help defray exporters' carrying charges by one-twentieth of 1 cent per net bushel per day.

The new plan of payments is designed to assist exporters in making sales of wheat to foreign buyers at a stabilized price. The incremental carrying charge payment enables exporters to offer U.S. wheat for forward delivery at prices that are competitive with prices of other wheat-exporting countries for the same delivery periods.

During current export periods, wheat exports occurring under subsidy or export marketing certificate contracts are eligible for incremental carrying charge payment. Payments will start on the 61st day following the date an offer to export was submitted for consideration by the Commodity Credit Corporation (CCC) or on the 61st day following the date of sale under P.L. 480 (including sales made under advance procurement procedures), whichever date is applicable to the contract with the CCC.

For exports occurring during any forward export period, the incremental payment will begin to accrue on the 61st day after the beginning date of the forward export period or on the 61st day after an offer to export is submitted to the CCC or a sale is made under P.L. 480, whichever applicable date is latest.

From 1964 until March of this year, a somewhat similar incremental payment of one-fourth cent per bushel per 5-day period had been made to exporting firms.